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# Message Text

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44
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DRAFTED BY EB/CBA/BP:RJBUSHNELL:VJW
APPROVED BY EB/CBA/BP:HJWINTER
EUR/NE - CFLOYD
L/EB - LLPRESSLER
FTC - JGARSON (SUBS)
---------- 112730
P 281845Z JAN 74
FM SECSTATE WASHDC
TO AMEMBASSY LONDON PRIORITY

UNCLAS STATE 017870

E.O. 11652: N/A
TAGS: ETRD, US
SUBJECT: ANTITRUST: BRITISH OXYGEN CORPORATION

1. THE FEDERAL TRADE COMMISSION (FTC) HAS JUST INFORMED THE DEPARTMENT THAT IT IS CONDUCTING AN ANTITRUST INVESTIGATION OF THE ACQUISITION BY BRITISH OXYGEN CORPORATION, A BRITISH FIRM, OF 35 PERCENT OF THE STOCK OF AIRCO, INC., A US CORPORATION. THE INVESTIGATION IS CONCENTRATING ON THE POSSIBILITY OF REDUCED COMPETITION IN THE DOMESTIC INDUSTRIAL GAS INDUSTRY AS A RESULT OF THE 80 MILLION DOLLAR ACQUISITION.

2. THE INDUSTRIAL GAS INDUSTRY IS HIGHLY CONCENTRATED, WITH SIX FIRMS CONTROLLING 91 PERCENT OF THE MARKET. AIRCO IS CURRENTLY THE SECOND LARGEST MANUFACTURER IN THE 715 MILLION DOLLAR INDUSTRY. KNOWLEDGABLE INDUSTRY SOURCES HAVE INDICATED THAT THERE ARE NO MORE THAN TWO OR THREE POSSIBLE ENTRANTS INTO THIS INDUSTRY. BRITISH OXYGEN IS PROBABLY THE MOST LIKELY OF THESE. OTHER LINES OF COMMERCE IN WHICH AIRCO ENGAGES ARE ALSO HIGHLY CONCENTRATED, WITH BRITISH OXYGEN CONSIDERED TO BE A POTENTIAL
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ENTRANT, OR PRESENTLY MANUFACTURING HERE.

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3. AIRCO, INC., IS INCORPORATED IN THE STATE OF NEW YORK. ITS 1972 NET SALES WAS OVER 490 MILLION DOLLARS, DERIVED FROM A WIDE ASSORTMENT OF BUSINESSES. IT HAS SEVERAL

FOREIGN SUBSIDIARIES AND ITS PRODUCTS INCLUDE SUCH ITEMS AS METAL ALLOYS, CRYOGENIC PRODUCTS, WELDING AND MEDICAL EQUIPMENT, AND INDUSTRIAL GASES. THE VAST MAJORITY OF ITS SALES ARE IN THE UNITED STATES.

4. BRITISH OXYGEN IS A BRITISH CORPORATION WITH REPORTED 1972 SALES IN EXCESS OF 600 MILLION DOLLARS. OF THAT TOTAL, LESS THAN 7 PERCENT CAME FROM NORTH AMERICA WITH THE MAJORITY OF THIS AMOUNT FROM SALES IN CANADA. ITS PRODUCT LINE IS SIMILAR TO AIRCO'S INCLUDING INDUSTRIAL GASES AND WELDING AND CRYOGENIC PRODUCTS.

5. THE INVESTIGATION MAY RESULT IN A DETERMINATION WITHIN THE NEXT FEW WEEKS AS TO WHETHER A COMPLAINT IS WARRANTED. THEREFORE, THE EMBASSY IS REQUESTED TO IMMEDIATELY NOTIFY THE APPROPRIATE OFFICE OF THE HOST GOVERNMENT OF THE INVESTIGATION, WITH SPECIAL REFERENCE TO THE 1967 OECD NOTIFICATION PROCEDURE ON RESTRICTIVE BUSINESS PRACTICES AFFECTING INTERNATIONAL TRADE. ACCORDING TO OECD, APPROPRIATE OFFICE IS:

DEPARTMENT OF TRADE AND INDUSTRY
COMMERCIAL RELATIONS AND EXPORTS, DIV. 1
VICTORIA STREET
LONDON, S.W. 1
GREAT BRITAIN

6. PLEASE INFORM DEPARTMENT PROMPTLY WHEN NOTIFICATION COMPLETED, INCLUDING ANY HOST GOVERNMENT REACTION. KISSINGER

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# Message Attributes

**Automatic Decaptioning:** X
**Capture Date:** 01 JAN 1994
**Channel Indicators:** n/a
**Current Classification:** UNCLASSIFIED
**Concepts:** OXYGEN, MONOPOLIES, BUSINESS FIRMS
**Control Number:** n/a
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**Draft Date:** 28 JAN 1974
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**Disposition Action:** n/a
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**Disposition Case Number:** n/a
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**Disposition Remarks:**
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**Review Comment:** n/a
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**Review Transfer Date:**
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**Secure:** OPEN
**Status:** NATIVE
**Subject:** ANTITRUST: BRITISH OXYGEN CORPORATION
**TAGS:** ETRD, US, UK
**To:** LONDON
**Type:** TE
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